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Message Text

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---------- 039464
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FM SECSTATE WASHDC
TO USMISSION GENEVA

UNCLAS STATE 134230

1. FOLLOWING CABLE, WHICH WAS PREPARED FOR AN ECAFE MEETING, IS BEING REPEATED AS USEFUL BACKGROUND INFORMATION FOR 57TH ECOSOC AGENDA ITEMS ON WORLD FOOD PROGRAM AND CONFERENCE.

PLEASE REPEAT STATE 134230 ACTION SECSTATE DATED JUNE 21, 1974. QUOTE
UNCLAS STATE 134230

ROME FOR FODAG

E.O. 11652: N/A
TAGS: ECAFE, EAGR, OCON
SUBJECT: ECAFE: ADVISORY COMMITTEE OF PERMANENT REPRE-SENTATIVES, SECOND SESSION, JUNE 25-26, 1974 (WORLD FERTILIZER FUND).
REF: (A) BANGKOK 9251 (NOTAL); (B) BANGKOK 10139 (NOTAL)

1. INSTRUCTIONS REQUESTED REF (A) FOR WORLD FERTILIZER FUND (WFF) ISSUE FOR SUBJECT MEETING ARE AS FOLLOWS.

2. USG POSITION IS THAT WFF PROPOSED AT ECAFE 30TH SESSION AND ECAFE SHOULD BE GIVEN GREAT CREDIT FOR INITIAT-
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ING WORLDWIDE PROPOSALS ON THIS SUBJECT. CONSIDERATION

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OF SUBJECT IN ECAFE HAS NOW BEEN SUPERSEDED BY ECOSOC
RES. 1836 (LVI) ADOPTED MAY 14. THE RESOLUTION REQUESTED
THE DIRECTOR GENERAL OF FAO TO DRAW UP IMMEDIATELY AN
EMERGENCY PLAN OF OPERATIONS WHICH INCLUDES ESTABLISHMENT
OF FERTILIZER "POOL." IN VIEW OF FACT THAT FAO HAS
INITIATED ACTION, THAT THIS MATTER WILL BE DISCUSSED AT
FAO FERTILIZER COMMISSION MEETING JULY 2-5, AND THAT PLAN
OF ACTION WILL BE APPROVED AT EMERGENCY SESSION OF FAO
COUNCIL JULY 15-19, USREP MAY DISCOURAGE LENGTHY DISCUSSION
BY ACPR AND MAY SUPPORT SRI LANKA'S PROPOSAL (REFTEL (B))
THAT ACPR ASK EXECUTIVE SECRETARY TO DESCRIBE PROPOSALS

HE WILL MAKE TO FAO COUNCIL IN JULY.

3. IF WFF DISCUSSED, HOWEVER, USREP IS AUTHORIZED TO
DRAW UPON FOLLOWING US POSITION MATERIAL AS APPROPRIATE:

(A) USG RECOGNIZES THAT SHORTAGE OF FERTILIZER AND STEEP
PRICE INCREASES ARE URGENT PROBLEMS NEEDING ATTENTION BY
INTERNATIONAL COMMUNITY. SECRETARY KISSINGER EMPHASIZED
THIS CONCERN ON APRIL 15 AT 6TH SPECIAL SESSION OF UNGA
WHEN HE SAID "FOR COUNTRIES LIVING NEAR THE MARGIN OF
STARVATION, EVEN A SMALL REDUCTION IN YIELDS CAN PRODUCE
INTOLERABLE CONSEQUENCES." USG BELIEVES THAT ONE PRINCI-
PAL TASK OF WORLD FOOD CONFERENCE NEXT NOVEMBER WILL BE
TO EXAMINE THIS PROBLEM AND RECOMMEND MEDIUM AND LONG-
TERM MEASURES TO PREVENT FERTILIZER SHORTAGE FROM BE-
COMING CHRONIC IMPEDIMENT TO WORLD AGRICULTURE. PARAGRAPH
5 OF ECOSOC RESOLUTION RECOGNIZED THIS NEED AND IS FULLY
SUPPORTED BY USG.

(B) USG FULLY RECOGNIZES THAT URGENCY OF FERTILIZER
PROBLEM REQUIRES SHORT-TERM ACTION PRIOR TO NOVEMBER
WHEN WORLD FOOD CONFERENCE WILL MEET. IN THIS CONNECTION
USG HAS PROPOSED SUBSTANTIAL INCREASE IN BILATERAL
ASSISTANCE TO FOOD PRODUCTION FOR FISCAL YEAR BEGINNING
JULY 1. AS PART OF THIS EXPANDED ASSISTANCE, USG WOULD
BE PREPARED TO INCREASE ITS CONCESSIONAL FINANCING OF
FERTILIZER PURCHASES IN APPROPRIATE CASES WHERE DEVELOP-
ING COUNTRIES ARE ABLE TO PROCURE SUPPLIES. USG BELIEVES
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ITS BILATERAL ASSISTANCE PROGRAM IS RESPONSIVE TO
PARAS. 2, 3, AND 4 OF ECOSOC RESOLUTION AND WILL COORDI-
NATE ITS BILATERAL ASSISTANCE PLANS WITH BILATERAL PLANS
OF OTHER DONORS AND WITH MULTILATERAL ASSISTANCE PLANS.

(C) US FERTILIZER PLANTS ARE OPERATING NEAR CAPACITY
IN ORDER TO MEET EXTRAORDINARY DEMAND CREATED BY
SIGNIFICANTLY INCREASED AGRICULTURAL PRODUCTION IN US

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AND ABROAD. ALTHOUGH US FERTILIZER INDUSTRY HAS TRADITIONALLY SERVED THE DOMESTIC MARKET, US INTENDS TO RESPOND INSOFAR AS POSSIBLE WITHIN THE CONSTRAINTS OF DOMESTIC DEMAND TO URGENT NEED OF LDCS FOR INCREASED SUPPLIES.

(D) USG RECOGNIZES THAT MANY COUNTRIES NOT REPEAT NOT HAVING SIGNIFICANT BILATERAL FERTILIZER ASSISTANCE PROGRAMS MAY PREFER TO CONTRIBUTE TO SOLUTION OF PROBLEM THROUGH MULTILATERAL MEANS. USG SUPPORTS THIS EFFORT AND WILL COOPERATE CLOSELY, BUT DOES NOT REPEAT NOT PLAN TO CONTRIBUTE EITHER PRODUCT OR CASH TO

INTERNATIONAL FERTILIZER POOL AS SUCH. IT SHOULD BE NOTED THAT MOST URGENT NEED IS FOR INCREASED FERTILIZER SUPPLIES RATHER THAN FOR FUNDS AND IT IS IMPORTANT TO AVOID PRO-CUREMENT EFFORTS WHICH WOULD SIMPLY BID UP PRICE OF LIMITED SUPPHY OF FERTILIZERS CURRENTLY AVAILABLE ON WORLD MARKETS.

(E) AS PART OF USG BILATERAL PROGRAM, US HAS OFFERED TECHNICAL ASSISTANCE TO LDC'S WHERE FERTILIZER PLANTS ARE OPERATING WELL BELOW CAPACITY; AID MISSIONS ARE PREPARED TO PROVIDE TECHNICAL ASSISTANCE TO IMPROVE EFFICIENT USE OF FERTILIZER IN LDC'S; AND USG IS PREPARED TO CONTRIBUTE TO FINANCING PROPERLY PLANNED RESEARCH RELATING TO USE OF FERTILIZERS IN LDC'S, PARTICULARLY ON TROPICAL SOILS WHERE THERE MAY BE GREAT POTENTIAL FOR INCREASED FOOD PRODUCTION.

4. USREP MAY, IF APPROPRIATE, TRANSMIT FOLLOWING COMMENTS RELATING SPECIFICALLY TO REPORT OF ECAFE EXPERT GROUP ON WFF:
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(A) BACKGROUND MATERIAL (PP 1-2) SATISFACTORY.

(B) PAGE 3, PARA. 6 - FIGURE OF 1 MILLION TONS OF FERTILIZER SHOULD READ 1 MILLION TONS OF FERTILIZER NUTRIENTS.

(C) PAGE 5, PARA. 11 - IN MAY, 1974, MOROCCO RAISED PRICE OF PHOSPHATE ROCK FROM $42 PER METRIC TON TO $63.

(D) PAGE 6, PARA. 14 - RECENT USDA/TVA ESTIMATES OF NUTRIENT DEFICITS IN 1980 ARE (IN MILLIONS OF TONS): .5(N), 1.4(P_2O_5), 2.9(K_2O) AND 4.8 TOTAL. NOTE THAT LDC DEFICIENCY IN N WILL BE ABOUT 4.6 MILLION METRIC TONS LESS THAN UNIDO ESTIMATED IN 1971.

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(E) PAGE 8, CERTAINLY PARAS 20-21 ARE HEART OF PROPOSAL, FOR BOTH SHORT AND LONGER-TERM ASSISTANCE. THEY OBVIOUSLY MUST BE DEALT WITH, WHETHER OR NOT WFF MATERIALIZES.

(F) PAGE 9, PARA. 22 - FUNCTIONS OF FUND APPEAR SATISFACTORY.

(G) PAGE 9, PARA. 23 - FIRST SENTENCE SHOULD BE DELETED. PERHAPS MENTION COULD BE MADE OF FURNISHING TECHNICAL ASSISTANCE TO OPEC COUNTRIES TO BUILD FERTILIZER FACTORIES, BUT AT THEIR EXPENSE.

(H) PAGE 10, PARA. 24 - PERHAPS THIS ENTIRE PARA. COULD BE OMITTED.

(I) PAGE 10, PARA. 25 - FIRST SENTENCE IS OBVIOUS; LAST SENTENCE COULD LEAD TO SOME PROBLEMS, WE THINK.

(J) PAGE 11, PARA. 28 (A) - WHAT IS STATED IS ALMOST TRUE, EXCEPT THAT IT SHOULD NOT EXCLUDE EVERYTHING ELSE, BECAUSE LACK OF PESTICIDES OFTEN ARE AND OFTEN WILL BE CONSTRAINTS IN FOOD PRODUCTION. KISSINGER UNQUOTED SISCO

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